

NPCI/IMPS/OC No. 81/2017-18

30<sup>th</sup> June, 2017

To,

**All Members of Immediate Payment Service (IMPS)**

Madam / Dear Sir,

**Sub: Migration to Goods and Services Tax (GST) regime**

We refer to Operating Circular (OC) No. 250 dated 9<sup>th</sup> June, 2017 on the details required for migration to Goods and Services Tax (GST), wherein, we have requested members to submit GSTIN details. Those members who have not yet submitted the GSTIN details should provide the details urgently so as to avoid being considered as Unregistered Dealers (URD).

GST is being implemented with effect from 1<sup>st</sup> July, 2017. Upon migration to GST from 1<sup>st</sup> July, 2017, the existing service tax rate applied at 15% will be changed to GST rate at 18% for all transactions from 1<sup>st</sup> July, 2017 (as per NPCI business day cut off time). The details of fees, GST, etc. will be made available in Daily Settlement Reports (DSR).

**A. Daily Settlement Report**

The following changes will be made in DSR:

- a. The term "Service tax" will be changed to "GST", wherever applicable.
- b. The rate of GST will be 18%.
- c. Note:
  - i. The break-up of GST as CGST+S/UTGST or IGST would be available in monthly NPCI fee Invoice and monthly tax report for interchange fee.
  - ii. Members are advised to record the transactions on gross basis i.e. for Remitter and Beneficiary transactions separately.
  - iii. The interchange fee receiving members will have to raise invoices to paying members within the specified timelines as per GST rule.

## **B. Disputes / Adjustments**

1. Service tax on interchange fees shall not be reversed for disputes / adjustments raised on or after 1<sup>st</sup> July, 2017 for the transactions dated up to 30<sup>th</sup> June, 2017.
2. For disputes / adjustments raised for transaction dated 1<sup>st</sup> July, 2017 onwards GST rate of 18% shall be levied / reversed as per the existing process.
3. GST @ 18% shall be levied on Arbitration Fees for cases moved to PRD from 1<sup>st</sup> July, 2017.

## **C. Reports in RGCS**

1. Tax report:
  - Bifurcation of CGST, SGST/UTGST and IGST rate and amount shall be given in separate column for both the reports in excel format. Refer **Annexure A** for sample format.
  - Since the tax component for the disputes / adjustments raised after 1<sup>st</sup> July, 2017 for transaction dated up to 30<sup>th</sup> June, 2017 will not be reversed, the interchange fees and tax amount will not be captured in tax report.
2. The bifurcation of GST into CGST, SGST/UTGST and IGST rate and amount shall be given separately in NPCI Invoice for Switching and other fees. Refer **Annexure B** for sample format.
3. The bifurcation of GST for Switching fee, Interchange fee, other bank penalty fee, etc. shall be as follows:

### **NPCI Invoice**

- a. If the fee is received from the member within the same state from where NPCI provides the service e.g. Maharashtra, in such cases, it will be Intra-state and GST @ 18% shall be bifurcated into CGST @ 9% and SGST/UTGST @ 9%.
- b. If the fee is received from the member from a different state i.e. other than Maharashtra, in such cases, it will be Inter-state and entire amount will be captured under IGST @ 18%.

### **Tax Report**

- a. If GSTIN of both members is of same State, in such cases, it will be Intra-state and GST @ 18% shall be bifurcated into CGST @ 9% and SGST/UTGST @ 9%.
  - b. If GSTIN of both members is of different State, in such cases, it will be Inter-state and entire amount will be captured under IGST @ 18%.
4. An additional 'Monthly Adjustment Report' will be provided. This report will contain details of dispute / adjustments raised and received with the original transaction date. Members can use this report to raise Credit note (CN) or Debit note (DN) for tax reversed disputes / adjustments raised or received. Refer **Annexure C** for sample format.

**Please note importantly that -**

1. The interchange fee / other charges receiving member will have to raise invoice on paying member within the specified timelines as per GST rule. Member may refer the monthly tax report made available by NPCI for GSTIN details provided by each member.
2. Members may share the invoices / CN / DN between themselves through e-mail or any other mode.
3. Tax on interchange fees / other charges shall be reversed by NPCI when received by a member considered as URD, due to non-submission of GSTIN details or any other reason. Communication in this regard will be sent to members concerned. In case of URD, the location of the member shall be taken from the Agreement entered into with NPCI.
4. Members should ensure to raise invoice and filing of returns within the stipulated time under GST rules. All members are requested to ensure strict compliance with GST rules, so that members / NPCI are not put to financial loss including inability to avail input credit.

NPCI will communicate its GSTIN details to all members through a separate OC.

Please refer the matrix as per **Annexure D** attached herewith for the invoice / CN / DN to be raised by member / NPCI.

Please make a note of the above and disseminate the instructions contained herein to the officials concerned.

For any further clarifications please contact:

Name	e-mail ID	Mobile Number
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Yours faithfully,

SD /-

**Sanjay Saxena**  
SVP & CFO

SD /-

  
**Ram Sundaresan**  
SVP & Head – Operations

- Encl:**
1. Annexure A - GST Tax report format
  2. Annexure B - NPCI Fee Invoice format
  3. Annexure C - Monthly Adjustment Report format
  4. Annexure D - Invoice Matrix